

FAIR PRACTICES CODE

The Company has framed its Fair Practices Code (FPC), which is in tune with the guidelines issued by the Reserve Bank of India from time to time. The code prescribes fair practice standards while dealing with the customers and to serve in the best interests of the Company.

The Code is applicable to all aspects of operations of the Company. It shall be our policy to make our services available to all qualified applicants without discrimination of any kind and to treat our customers fairly. We offer all sorts of assistance and encouragement in a fair, equitable and consistent manner.

We are committed to ensure that our charges are properly and timely informed to the existing and prospective borrowers. Disputes, if any; will be resolved by the Grievance Redressal Mechanism set up within the Company. We shall ensure employee accountability at all levels of our operations. The Board and Senior Management will be responsible to ensure our commitment to fair and reasonable practices as also to ensure high quality services to our clients.

We shall ensure the fair practices in all our operations. This will be applicable irrespective of the fact that the service is provided at our branches or head office or over phone or by email.

OBJECTIVES

The objectives of the FPC are as under.

- i. Adopt the best practices in dealings with customers.
- ii. Set challenging benchmarks and strive to achieve high operating standards for ensuring customer satisfaction.
- iii. Follow transparent, fair, ethical and legally tenable practices while conducting business.
- iv. Provide all necessary information and inputs to customers / prospective customers and promote a mutually beneficial long-term relationship.
- v. Facilitate a continuously growing base of satisfied customers while scrupulously avoiding acquisition of customers having doubtful credentials or criminal background.

DECLARATIONS & COMMITMENTS

- i. The Company undertakes to abide by all applicable laws, regulations and guidelines passed / issued by the Regulators (Reserve Bank of India, SEBI, IRDA etc.) and other competent authorities such as Government, Local Authority etc.

- ii. The Company commits itself to full customer satisfaction through efficient, professional and courteous services across all its offices.
- iii. The Company shall consistently strive to meet with and improve upon the internally set benchmarks and practices and be ahead of the standards prevalent in the industry.
- iv. The Company undertakes not discriminate customers on grounds of religion, caste, gender or language.
- v. The Company will provide clear and full information about its products and services to its customers / prospective customers and will not resort to any misleading or potentially misguiding advertisement or publicity.
- vi. The Company undertakes to desist from introducing any products / services having elements of 'hidden charges' or lack of transparency.
- vii. The Company will communicate in the local language with the customer and in English at the request of the customer
- viii. The Company undertakes to take all possible and reasonable measures to secure the safe custody of the security pledged by the customer and to compensate the customer for any accidental, inadvertent or fraudulent loss of the security whilst in the custody of the Company.
- ix. The Company undertakes not to take advantage of any unintentional or clerical error made by the customer while transacting business.
- x. The Company is committed to put in place a system for promptly addressing complaints and suggestions of the customers supplemented with a structured Grievance Redressal Mechanism having an escalation matrix.

The Company shall display the FPC on its website and also make available to the Customer, on request, a copy of the FPC on demand.

KEY AREAS

(A) APPLICATIONS FOR LOANS AND THEIR PROCESSING

- i. All communications to the borrower will be either in English or in Vernacular language.
- ii. The application for loan will include matters/information affecting the interests of the borrower so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. The loan application form will indicate the documents required to be submitted with the application form.
- iii. The rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrowers in the application form and communicated to them in the sanction letter.

Interest rate shall always be mentioned on an annualized rate basis and shall be charged on a daily diminishing balance.

iv. Acknowledgement will be issued to all loan applicants and the same will indicate the time within which the application will be disposed of by the Company.

v. The application form will clearly state the information to be provided by the customer to fulfil the KYC norms and to comply with legal and regulatory requirements.

(B) GOLD LOAN APPRAISAL AND TERMS/CONDITIONS

i. Company shall issue a Sanction Letter in Vernacular language as understood to the borrower showing the amount sanctioned and the terms and conditions applicable including annualised rate of interest and method of application thereof. The Company shall keep the acceptance of these terms and conditions by the borrower on its record.

ii. Company shall mention the additional interest charged for late repayment in bold in the loan agreement.

iii. A copy of the loan agreement preferably in the vernacular language as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement shall be furnished to all the borrowers at the time of sanction / disbursement of loans.

iv. The loan agreement shall also disclose the details regarding auction procedure.

v. The Company shall at all time keep adequate insurance coverage for the gold ornaments accepted as security.

(C) DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

i. The terms and conditions of the loan shall be accepted by the borrower before disbursement of the loan amount. Any change in the terms and conditions of the loan, including disbursement schedule, interest rates, service charges, prepayment charges etc. will be brought to the notice of the customer by sending notice in vernacular language as understood by the borrower. Change in interest rates and other charges will be made only prospectively and not retrospectively. A suitable condition in this regard will be incorporated in the loan agreement.

ii. Any decision to recall/accelerate payment or performance under the agreement shall be in consonance with the loan agreement.

iii. The Company shall release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim

the company may have against the borrower. If such right to set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled / paid.

(D) RATE OF INTEREST

- The Company shall frame appropriate internal policies and procedures for determining the interest rates and processing and other charges, if any and also ensure that they are not excessive. The Company shall, at the time of disbursement, ensure that the interest rate and other charges, if any, on loan and advances are in strict adherence to above referred internal policies and procedures.
- The rate of interest will be annualized rates so that the borrower is aware of the exact rates that would be charged on the loan.
- Interest will be charged on the daily balance outstanding at monthly rest on the basis of the actual number of days from the date of availing the loan to the date of closure of the loan.
- The information published in the website shall be updated whenever there is change in the rates.
- The rate of interest and the approach for gradation of risk and rationale for charging different rates of interest to different schemes shall be disclosed in the application form
- Rebate on interest rates meant to encourage timely periodical payment of interest under each scheme, levying of additional interest for discouraging loans from crossing the sanctioned period etc., shall be mentioned clearly in the loan agreement.
- No pre-payment penalties/foreclosure charges will be levied on gold loans in the normal course. In case such charges are applicable for any scheme, it will be disclosed in the Loan agreement.
- Changes in Rate of Interest shall be effected prospectively.

Method of Calculation of Interest:

The interest shall be calculated for the actual number of days the loan remains outstanding from the date of loan disbursement to the date of closure. However, if the borrower closes the loan within 15 days from the date of disbursement, then a minimum interest for 15 days shall be payable for gold loan schemes.

A rebate in interest rate may be provided for encouraging timely repayment of interest or closure of the loan on or before the specified tenor as per different slabs built into each scheme.

(E) POLICY ON KYC, APPRAISAL, INSURANCE, STORAGE SECURITIES, AUCTION, ETC.

The Company shall put in place a policy duly approved by the Board covering the following aspects:

- Adequate steps to ensure that the KYC guidelines stipulated by RBI are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan.
- Proper appraisal procedure for assessing the value and purity of the jewellery accepted as collateral security.
- Declaration shall be obtained from the borrower confirming ownership of gold jewellery.
- All branches shall have proper storage facility of Safe vaults conforming to BIS Standards of reputed make to store the jewellery in safe custody. The sets of keys to the strong room/safe shall be held separately by two officials and the operations thereof shall be done jointly. The staff shall be imparted training on a continuous basis to ensure that the guidelines covering security issues are strictly adhered to. The gold items shall be periodically inspected by the internal auditors to ensure quality, quantity and proper storage
- The jewellery accepted as collateral security shall be adequately and appropriately insured.
- The auction procedure in case of non – repayment shall be transparent. Prior notice to the borrower shall be given before the auction and there shall not be any conflict of interest. The auction process shall ensure that an arm's length relationship in all transactions during the auction is maintained including with group companies and related entities. The details regarding procedure for auction shall be disclosed in the loan document for availing the loan. The auction will be only through auctioneers approved by the Board and the Company shall not participate in the auction. The auction shall be announced to the public by issuing advertisements in at least two newspapers, one in vernacular language and the other in a national daily newspaper.
- Any fraud in the functioning of the Company shall be enquired into by the appropriate authority and suitable punitive measure shall be taken by the appropriate disciplinary authority.
- If the branch public auction scheduled on the specified date at the mentioned branch is unsuccessful, we will proceed with an e-auction of the pledged gold ornaments through the online auction platform (<https://gold.samil.in>) managed

by Shriram Automall India Limited (SAMIL) on the designated auction date. The e-auction will be conducted as per the applicable terms and conditions. In the event that the e-auction also does not yield a successful bid, the gold ornaments will be re-auctioned on subsequent working days until a successful sale is achieved, following the same terms and conditions.

Registration Process:- (<https://gold.samil.in>)

- Download Registration forms from the website (<https://gold.samil.in>)
 - o Personal Detail forms
 - o Participants Request Letter
- KYC/Pan Card document is mandatory for Registrations (Individual)
 - o Pan Number/Mobile number/E-mail Address / Pan Card is mandatory)
 - o PAN Card / Photo Id/Address Proofs
- Company Proofs/Financial Statement is mandatory for Registrations (Company)
 - o Financial Proofs
 - o Business Proofs (Company Letter Head)
 - o GST Certificate/Partnership deed/Authorisation letters

Note:- Seal & Self Attestations Required for all the proofs and forms. Please submit the duly completed forms to gold@samil.in to complete the registration process.

(F) GENERAL

- i. The Company will not interfere in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless new information not earlier disclosed by the borrower has come to the notice of the lender).
- ii. In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise of the Company shall be conveyed properly from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- iii. In the matter of recovery, the Company will not resort to any type of undue harassment viz.; persistently bothering the borrowers at odd hours, use of muscular power for recovery of loans etc. Company shall train all staff to deal with customers in a proper manner.
- iv. The Company shall state the repossession clause in the loan agreement with the borrower, wherever applicable, which shall contain provisions regarding notice period before taking possession, circumstances under which the notice period can be waived, procedure for taking possession of the security, provision regarding final chance to be given to the borrower for repayment of the loan before auction/sale of security, procedure for giving repossession to the borrower and the procedure for sale/auction

of the property. A copy of such terms and conditions shall be made available to the borrowers.

v. In the case of gold loan, in case of auction, the Company will give adequate prior notice before the auction date, which will also be announced to the public by issue of advertisements in at least two newspapers, one in vernacular language and another in a national daily newspaper. As a policy the Company itself shall not participate in the auctions held. The gold pledged will be auctioned only through auctioneers.

vi. All loans are sanctioned at the sole discretion of the Company.

(G) GRIEVANCE REDRESSAL MECHANISM

i. The Company has framed a suitable mechanism for redressal of customer grievances/complaints. The Committee shall review the compliance of the fair practice code and the functioning of the grievance redressal mechanism at least once in a year.

ii. The Company shall designate a Senior Officer of the Company as Grievance Redressal Officer for resolving customer complaints. Name, Phone Number and email id of the Grievance Redressal Officer shall be displayed in all branches.

iii. The Grievance Redressal Officer shall also act as the Compliance Officer to ensure compliance of Fair Practice Code.

INTEGRATED OMBUDSMAN

In case a customer complaint / dispute is not redressed within a period of one month, that is, If the Company does not reply within a period of one month after receipt of the complaint, or rejects the complaint, or if the complainant is not satisfied with the reply given, the complainant can file the complaint with the integrated Ombudsman under whose jurisdiction the company falls (email: crpc@rbi.org.in) or shall be registered on the portal (<https://cms.rbi.org.in>).

CONFIDENTIALITY

The Company shall treat all personal information of its borrowers as private and confidential and will not reveal any information to any other entity other than for regulatory/statutory matters.